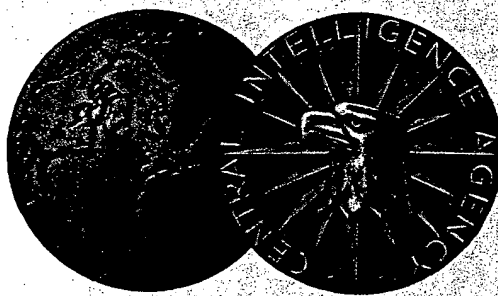


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WEEKLY SUMMARY



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WESTERN EUROPE

GERMANY

Berlin Currency Although Soviet reaction to the proposed issuance of the western "B" mark as the sole currency for the western sectors of Berlin will be swift and well-publicized, the USSR is not likely to interfere seriously or forcefully with the operation of the airlift. Soviet retaliatory action will probably take the form of further tightening of the blockade and may involve conversion of the Soviet eastern mark to a new currency. Soviet measures to curtail the movement of supplies from Soviet-controlled territory to the western sectors will increase the hardships of the western population, further impair the west sector economy, and probably require an increase in the airlift. Soviet authorities could tighten the land blockade by: (1) halting all rail traffic, including the S-bahn and streetcars; (2) cutting off water traffic on the canals; (3) stopping or sharply reducing pedestrian traffic between the western sectors and Soviet-controlled areas; (4) barring all mail service; (5) cutting west-sector long-distance phone cables, local inter-sector phone lines, and all telegraph cables; and (6) splitting completely Berlin's systems of electrical, gas, and water supply, and the sewage disposal facilities. In determining the extent to which these measures will be applied, the USSR will be restrained primarily by the economic repercussions in the Soviet zone, which would be deprived of important materials and skilled labor now being received from the western sectors of the city. If the USSR converts its present eastern mark, it will do so in order to prevent eastern marks presently held in western Berlin from flowing back into Soviet-controlled territory. Such a Soviet move would leave western sector occupation authorities with the moral obligation to redeem a very large number of relatively worthless eastern marks in order to avoid undue hardship for the German holders of this currency.

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EASTERN EUROPE

SOVIET UNION

Recent Soviet reaction to western economic and defensive measures, though not yet crystallized, has thus far manifested itself chiefly by top-level changes in ministerial positions in Moscow and by an apparent shift in tactics by Communist Parties outside the Soviet Union. The implications of Molotov's and Mikoyan's shift from their ministerial posts will probably be clearer after the current session of the Soviet parliament, but no basic change in Soviet policy toward the West is expected. The USSR will continue its attacks on the Atlantic Pact, its obstructionist policy in the UN, and its attempts to gain control over all of Germany. Meanwhile, however, Communist Parties outside the USSR are apparently reverting to the active, militant policy of the 1920's.

Molotov-Mikoyan The Kremlin decision to relieve Molotov from his position as Foreign Minister and Mikoyan as Minister of Foreign Trade, although not an indication of any fundamental change in Soviet policy, probably does reflect a Soviet reassessment of the progress of the cold war. Molotov's shift may reflect the Kremlin's belief that the problem of formal relations with the West has been reduced to secondary importance by western gains and the growing inability of the USSR to make progress on the diplomatic level. Similarly, western gains have made it more imperative for the USSR to consolidate its position in Eastern Europe and Communist China. Thus, although Molotov may have been released for the purpose of taking over Stalin's position as Premier, he, as well as Mikoyan, may have been relieved of ministerial duties in order to concentrate on the pressing political and economic problems of the Soviet sphere.

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SOVIET UNION

Communist Militancy The apparent failure of recent Soviet diplomatic and propaganda weapons to sabotage US-European defense efforts and to gain popular support for Communism has prompted the Kremlin to order Communist Parties outside the Soviet Union to prepare for militant and subversive methods in pursuit of Soviet objectives. This announced reversion to the active militant policy employed by the Communist Party in the late 1920's may, therefore, signify the end of postwar tactics which were characterized by so-called "legal" Communist operations within established political frameworks. This shift in political tactics apparently implies a renunciation of the popular-front technique of co-operation with non-Communist governmental factions.

Atlantic Pact Continued Soviet efforts to defeat the purposes of the Atlantic Pact are revealed by recent Polish feelers for non-aggression pacts with the Scandinavian countries. The Polish campaign is apparently concentrating on the minimum goal of preventing a formal Swedish alliance with the West. Aside from the strategic and political factors which make Scandinavia a natural goal for Soviet hegemony, the USSR's industrialization plans for Poland and Czechoslovakia depend upon an uninterrupted flow of imports from Sweden. Likewise, Polish coal has long played a significant part in Scandinavian industry, especially Sweden's. Thus, aside from the USSR's interest in preventing closer political and military cooperation between Sweden and the West, the Soviet Union is desirous of maintaining uninterrupted the vital economic lifeline from Scandinavia to the Satellites.

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YUGOSLAVIA

Reports of increased military activity in Bulgaria and Albania, combined with recent changes in Communist activities in northern Greece, suggest that the Kremlin is preparing a greatly intensified campaign for the overthrow of Tito. Realizing that six months of dialectical battle and relatively minor diplomatic and economic reprisals have, if anything, driven Tito further toward the western camp, the Kremlin now appears to be planning more drastic steps, which may possibly end in overt military action.

Greek Guerrillas An apparent shift in Communist activity in Greece strongly suggests that the Kremlin has decided to abandon temporarily its campaign to gain control over all of Greece and instead to attempt to exploit the Macedonian question as an additional weapon against Tito. The guerrilla radio has announced that an autonomous Macedonian state would be proclaimed in March. This new strategy is probably an attempt to gain the support of the large Slavo-Macedonian population in northern Greece. The autonomous Macedonian state envisaged by the Communists would, if established, tend to undermine the Tito regime and would thwart Tito's deep-seated ambitions for a Macedonian state under Yugoslav control. The Kremlin may also believe that it can secure such long-range benefits as an Aegean port, a land route between Bulgaria and Albania, a curtailment of Greek economic resources, and a base which could serve as a strategic threat against Greece, Yugoslavia, and Turkish Thrace. Aside from the possibilities such a plan offers for increasing the pressure against Tito, however, it is unlikely that the USSR will derive much benefit from raising the controversial Macedonian question at this time. Although

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YUGOSLAVIA

Greek Communist leaders have, in a hedging statement, announced their support for an independent Macedonia, the rank and file will resent any move aimed at the dismemberment of Greece. Moreover, even with Slavo-Macedonian reinforcements, the guerrillas would be too weak to hold ground against the Greek Army without open intervention by the Satellites.

Military Preparations Meanwhile, the USSR is reportedly stepping up military preparations elsewhere. Top-ranking Satellite military leaders are reported to be meeting at Debrecen, Hungary. Although the meeting may be designed to establish a "defensive" East European military bloc as a counter to the Atlantic Pact, plans for exerting greater military pressure on Yugoslavia may also be on the agenda. Bulgaria is reportedly increasing its flow of supplies to the Greek guerrillas in eastern Thrace. A noticeable increase in Soviet military activity has been observed in Albania. Soviet supplies and arms are arriving at Albanian ports, and numerous reports have been received indicating the landing of Soviet personnel and aircraft. Moreover, increased Albanian protests of Yugoslav-inspired border incidents, although at this stage probably a stepping-up of the war of nerves, could be used as an excuse for eventual armed action against Tito.

Yugoslav Reaction The Tito regime, in the face of these signs of increased Soviet pressure, shows no sign of capitulating to the Kremlin. Finally breaking an enigmatic silence on the proposal for an autonomous Macedonia, the Yugoslav Government has issued a denunciation, contending that the proposed campaign for an independent Macedonia: (1) would only create confusion in the ranks of

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YUGOSLAVIA

Greek and Macedonian guerrillas; and (2) was merely a part of the Cominform campaign against Yugoslavia. The Tito regime will exert every effort to prevent the formation of such a state and will publicly accuse Bulgaria of violating its past pledges for cooperation in handling the Macedonian question. In conclusion, there is no reason to believe that Tito will be intimidated by these Soviet measures, and any attempt short of overt military action will probably fail to dislodge him. Moreover, present Satellite armed forces are not strong enough to overcome the Yugoslav Army unless they are strongly supported by Soviet troops and materiel.

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